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BEFORE THE ARIZONA CORPORATION COMMISSIONED

COMMISSIONERS

MAR 20 2003

MARC SPITZER, Chairman
JIM IRVIN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF
SANTA ROSA UTILITY COMPANY FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE WASTEWATER
SERVICE IN PIMA COUNTY, ARIZONA.

DOCKET NO. SW-04136A-02-0691

IN THE MATTER OF THE APPLICATION OF
SANTA ROSA WATER COMPANY FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE WATER SERVICE IN
PIMA COUNTY, ARIZONA.

DOCKET NO. W-04137A-02-0692

DECISION NO. 65753

OPINION AND ORDER

DATE OF HEARING: February 6, 2003
PLACE OF HEARING: Phoenix, Arizona
ADMINISTRATIVE LAW JUDGE: Dwight D. Nodes
IN ATTENDANCE: Commissioner Mike Gleason
APPEARANCES: Jim Poulos, General Manager, Santa Rosa Water
Company and Santa Rosa Utility Company; and
David Ronald, Staff Attorney, Legal Division, on behalf
of the Utilities Division of the Arizona Corporation
Commission.

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the
Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On September 11, 2002, Santa Rosa Utility Company ("SRUC" or "Company") and
Santa Rosa Water Company ("SRWC" or "Company") (collectively "Santa Rosa" or "Applicants")
filed with the Commission applications for Certificates of Convenience and Necessity ("Certificates"
or "CC&Ns") to provide wastewater and water utility service in Pinal County, Arizona.

2. On October 31, 2002, the Commission's Utilities Division Staff ("Staff") filed a letter

1 notifying Santa Rosa that its applications were administratively sufficient pursuant to the
2 requirements of A.A.C R14-2-402(C) and R14-2-602(A)(2).

3 3. By Procedural Order issued November 13, 2002, this matter was scheduled for hearing
4 on February 6, 2003.

5 4. Pursuant to the November 13, 2002 Procedural Order, Santa Rosa mailed notice of the
6 hearing to all property owners in the affected area.

7 5. On January 17, 2003, Staff filed its Staff Report in this matter. Staff recommended
8 approval of the applications subject to certain conditions.

9 6. On January 17, 2003, Jim Poulos filed rebuttal testimony on behalf of the Applicants
10 which offered minor proposed modifications to Staff's recommendations.

11 7. SRWC and SRUC are seeking Certificates to provide water and wastewater service to
12 Rancho Sierra, a planned residential development of 12,000 residential units (at build out) within
13 Pinal County that includes light retail commercial uses and three 18-hole golf courses. The proposed
14 development encompasses approximately 5.5 square miles northwest of the town of Stanfield,
15 immediately south of the Ak-Chin Indian Reservation.

16 8. SRWC and SRUC are Arizona S corporations, financially affiliated with Robson
17 Communities, which currently provides service to an estimated 24,710 customers in Arizona through
18 other affiliated utility companies. The legal description of the proposed service areas for SRWC and
19 SRUC are set forth in Exhibits A and B attached to this Order. There are no other water or
20 wastewater service providers in the proposed service area.

21 **Santa Rosa Water Company**

22 9. SRWC's initial water production facilities will consist of two wells, one million
23 gallons of water storage, pumping plant, piping, controls, and distribution mains. The initial plant
24 will be constructed on a three acre site within the service area. It is expected that in the fourth year of
25 development an additional well and storage capacity will be added at another location. Staff states
26 that the proposed water system will have adequate production and storage capacity to serve the
27 proposed service area and that the estimated project costs appear to be within a reasonable range.

28 10. Staff notes that groundwater in the proposed service area can exhibit higher than

1 average concentrations of arsenic, fluorides, and total dissolved solids. However, preliminary
 2 sampling indicates that fluoride concentrations will be within the Maximum Contaminant Level of
 3 4.0 mg/l. Although Staff indicated that arsenic concentrations are not yet known, at hearing Mr.
 4 Poulos testified that two nearby wells of Picacho Water Company have recorded arsenic levels of 16
 5 and 22 parts per billion ("ppb"). Santa Rosa built into its capital cost estimates arsenic removal
 6 expenses associated with achieving the new federal guidelines (effective in 2006) of 10 ppb of
 7 arsenic. Santa Rosa's estimates are based on the assumption that its wells will encounter arsenic
 8 readings similar to those recorded by Picacho Water Company (Tr. 22-23).

9 11. Pursuant to the Commission's rules, SRWC provided five-year projections for plant
 10 values, operating revenues and expenses, and number of customers. Such projections are necessary
 11 to establish rates for new companies due to the lack of historical data. Staff reviewed SRWC's
 12 projections and recommended that the Commission find SRWC's fair value rate base to be
 13 \$3,918,169.

14 12. SRWC proposed an initial residential/commercial rate composed of a \$15.00 base rate
 15 and a single tier \$3.95 commodity rate per 1,000 gallons. Staff agreed with the Company's base rate
 16 but recommended a three-tier inverted block commodity rate structure, to encourage conservation
 17 efforts. Staff's recommended rates would generate an average water bill of \$57.38, which is
 18 comparable to SRWC's proposed average customer bill. SRWC's proposed rates and charges, and
 19 Staff's recommended rates and charges, are as follows:

	Proposed Rates	
	<u>Company</u>	<u>Staff</u>
<u>MONTHLY USAGE CHARGE:</u>		
5/8" x 3/4" Meter	\$15.00	\$15.00
3/4" Meter	15.00	15.00
1" Meter	22.00	22.00
1 1/2" Meter	33.00	33.00
2" Meter	44.00	44.00
3" Meter	0.00	66.00
4" Meter	88.00	88.00
6" Meter	176.00	176.00
8" 6" Meter	200.00	200.00
10" 6" Meter	200.00	200.00

1	Gallons included in minimum	0	0
2	Commodity Charge per 1,000 gallons:		
3	From 0 to 8,000 Gallons	\$3.95	\$3.75
4	From 8,001 to 20,000	3.95	4.50
5	In excess of 20,000	3.95	5.25
6	<u>SERVICE LINE AND METER</u>		
7	<u>INSTALLATION CHARGES</u>		
8	5/8" x 3/4" Meter	\$0.00	0.00
9	3/4" Meter	0.00	0.00
10	1" Meter	0.00	0.00
11	1 1/2" Meter	0.00	0.00
12	2" Meter (compound)	0.00	0.00
13	3" Meter (compound)	0.00	0.00
14	4" Meter (compound)	0.00	0.00
15	6" Meter (turbo)	0.00	0.00
16	6" Meter (compound)	0.00	0.00
17	<u>SERVICE CHARGE:</u>		
18	Establishment	\$30.00	\$30.00
19	Establishment (After Hours)	37.50	37.50
20	Reconnection (Delinquent)	25.00	25.00
21	Meter Test (If Correct)	35.00	35.00
22	Deposit	*	*
23	Deposit Interest	*	*
24	Re-establishment (Within 12 Months)	**	**
25	NSF Check	15.00	15.00
26	Deferred Payment	1.50%	1.50%
27		Per month of	Per month of
28		unpaid balance	unpaid balance
29	Meter Reread (If Correct)	25.00	25.00
30	Late Payment Penalty (per month)	0.00%	1.5%
31	Main Extension	Cost	Cost
32	<u>MONTHLY SERVICE CHARGE FOR FIRE</u>		
33	<u>SPRINKLER:</u>		
34	4" or smaller	***	***
35	6"	***	***
36	8"	***	***
37	10"	***	***
38	Larger than 10"	***	***

* Per Commission rule A.A.C. R14-2-403(B).

** Months off system times the monthly minimum per Commission rule A.A.C. R14-2-403(D).

*** 1.00% of the Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

13. Based on the entirety of its review, Staff recommended that the Commission grant SRWC's application for a CC&N to provide water services, subject to the following conditions:

- a. That the Commission find the fair value of SRWC's property devoted to water service to be \$3,918,169;
- b. That the Commission authorize SRWC to charge the rates and charges proposed by Staff on Schedule ENZ-2 attached to the Staff Report (as set forth above);
- c. That the Commission require SRWC to file within 24 months of the effective date of this Decision a copy of the initial "Approval to Construct" issued by the Arizona Department of Environmental Quality ("ADEQ");
- d. That the Commission require SRWC to notify the Commission within 15 days of providing service to its first permanent customer;
- e. That the Commission require SRWC to file a rate application no later than three months following the fifth anniversary of the date the Company begins providing service to its first customer¹;
- f. That the Commission require SRWC to maintain its books and records in accordance with the NARUC Uniform System of Accounts for water utilities;
- g. That the Commission require SRWC to file all related franchise agreements within 365 days of the effective date of this Decision; and
- h. That the Commission require SRWC to file a Curtailment Plan for approval by the Utilities Division Director within 30 days of providing service to its first customer.

Santa Rosa Utility Company

14. With respect to SRUC's wastewater infrastructure, Staff indicated that the Company's wastewater treatment plant will be constructed in three phases of 1.7 million gallons per day ("mgd") each, resulting in a total treatment capacity of approximately 5.0 mgd at build out. The treatment facilities will be conventional activated sludge with an anoxic zone providing nitrogen removal. The effluent will be further improved to tertiary standards by a disc filter, and then disinfected by ultraviolet radiation.

15. Disposal of the treated effluent will be accomplished by reuse on the golf courses,

¹ In his rebuttal testimony, Mr. Poulos stated that he would prefer this requirement for both SRWC and SRUC be changed from a mandatory rate filing to a prohibition against filing a rate application for the first five years of the companies' operations. However, at the hearing, Mr. Poulos stated that he did not find Staff's recommendation to be objectionable (Tr. 12).

1 parks, and common areas. Staff states that the effluent should easily meet "open access" standards.
 2 Effluent storage will be provided by the golf course lakes.

3 16. According to Staff, wastewater treatment plants at the high level of environmental
 4 sophistication contained in SRUC's proposal usually cost between \$6.00 to \$8.00 per gallon.
 5 excluding effluent disposal costs. In this instance, the Company has projected the wastewater plant
 6 cost for Phase I to be \$7,409,666, excluding the effluent pumps and recharge basins. Even with the
 7 addition of a 20 percent contingency, which would increase the projected cost to \$8,891,599, the
 8 Phase I cost per gallon is estimated to be less than \$5.25 per gallon. Although additional capital will
 9 be required for construction of the Phase II and III facilities. Staff states that some of the costs for
 10 future phases are embedded in Phase I (e.g., head works, outfall structures, and site preparations).
 11 Staff believes that future per gallon treatment costs will decrease as the fixed capital costs are spread
 12 over higher volume wastewater flows. Based on its review, Staff concludes that SRUC's estimated
 13 capital requirements are reasonable and appropriate.

14 17. Pursuant to the Commission's rules, SRUC provided five-year projections for plant
 15 values, operating revenues and expenses, and number of customers. Such projections are necessary
 16 to establish rates for new companies due to the lack of historical data. Staff reviewed SRUC's
 17 projections and recommended that the Commission find SRUC's fair value rate base to be
 18 \$11,037,387.

19 18. SRUC proposed an initial residential/commercial flat rate of \$52.44. Effluent sales
 20 would be charged at \$0.87 per 1,000 gallons. Staff found the Company's proposed commercial,
 21 residential and effluent rates to be reasonable and recommended approval of those rates. SRUC's
 22 proposed rates and charges for initial wastewater service are as follows:

	<u>Company</u> <u>Proposed</u>	<u>Staff</u> <u>Recommended</u>
<u>MONTHLY USAGE CHARGE:</u>		
Residential – Flat Rate	\$52.44	\$52.44
Commercial – Per meter	52.44	52.44
Effluent – Per 1,000 Gallons	\$0.87	\$0.87

SERVICE LINE CONNECTION CHARGES

(Non-Refundable)

Residential	\$0.00	\$0.00
Commercial	0.00	0.00

TREATMENT PLANT AVAILABILITYFEE

Per New Connection	\$ -	\$ -
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SERVICE CHARGE:

Establishment	\$30.00	\$30.00
Establishment (After Hours)	-	0.00
Reconnection (Delinquent)	30.00	30.00
Deposit	*	*
Deposit Interest	*	*
Re-establishment (Within 12 Months)	**	**
NSF Check	15.00	15.00
Late Payment Penalty	***	***

* Per Commission rule A.A.C. R14-2-603(B)(7).

** Months off system times the monthly minimum per Commission rule A.A.C. R14-2-603(D)(1).

*** Per Commission rule A.A.C. R14-2-608(F)(1).

19. Staff points out that construction of SRUC's wastewater treatment plant will require an individual Aquifer Protection Permit ("APP") from ADEQ. Staff recommends that SRUC be required to obtain the APP within 24 months from the effective date of this Decision, and submit a copy of the APP to the Director of the Utilities Division within that same time frame.

20. Staff also indicates that environmental quality regulations require SRUC to obtain approval of an individual wastewater facility plan, often referred to as a "§208 Plan", from the designated water quality planning agency. The Central Area Association of Governments ("CAAG") is the designated water quality planning agency for the requested CC&N area. CAAG has the authority to develop and approve general wastewater plans which include land development policies service areas, objectives, principles, and standards for local growth and development. Staff recommends that the Commission make approval of SRUC's CC&N contingent on the Company obtaining §208 approval from CAAD within 24 months from the effective date of this Decision, and submitting a copy of the §208 approval with the Director of the Utilities Division within that same

1 time frame.

2 21. Based on the entirety of its review, Staff recommended that the Commission grant
3 SRUC's application for a CC&N to provide wastewater services, subject to the following conditions:

- 4
- 5 a. That the Commission require SRUC to file within 24 months of the effective date
of this Decision a state Aquifer Protection Permit;
- 6 b. That the Commission require SRUC to file within 24 months of the effective date
of this Decision a copy of the Central Arizona Association of Governments §208
7 Plan²;
- 8 c. That the Commission find the fair value of the SRUC property devoted to
wastewater service to be \$11,037,387;
- 9 d. That the Commission authorize SRUC to charge the rates and charges proposed by
Staff on Schedule ENZ-2 attached to the Staff Report (as set forth above);
- 10 e. That the Commission require SRUC to file within 24 months of the effective date
of this Decision a copy of the initial "Approval to Construct" issued by the ADEQ;
- 11 f. That the Commission require SRUC to notify the Commission within 15 days of
providing service to its first permanent customer;
- 12 g. That the Commission require SRUC to file a rate application no later than three
13 months following the fifth anniversary of the date the Company begins providing
service to its first customer³;
- 14 h. That the Commission require SRUC to maintain its books and records in
accordance with the NARUC Uniform System of Accounts for wastewater
15 utilities; and
- 16 i. That the Commission require SRUC to file all related franchise agreements within
365 days of the effective date of this Decision.

17 **Conditions Regarding Both SRWC and SRUC**

18 22. Staff has developed typical and customary depreciation rates within a range of
19 anticipated equipment life for water and wastewater utilities. Staff recommends that the Commission
20 require SRWC and SRUC to use the depreciation rates by individual NARUC category, as set forth in
21 Schedules LH-1 and LH-2 attached to the Staff Report.

22 23. Staff further recommends that the Commission's Decision granting the requested
23 Certificates for SRWC and SRUC be considered null and void without further order from the
24 Commission if either of the companies fails to comply with any of the above-described conditions,
25 and within the specified time frames, unless the Commission grants an extension of time for
26

27 ² In his rebuttal testimony, Mr. Poulos stated that this requirement should be eliminated because an amended §208 Plan
will be required as part of the Company's Aquifer Protection Permit from ADEQ. At the hearing, Mr. Poulos testified
that SRUC has "no problem" submitting the §208 Plan, even though he believes it would be a redundant filing (Tr. 13).

28 ³ See footnote 1.

1 compliance with those requirements⁴.

2 24. Staff's recommendations, as described above, are reasonable and shall be adopted.

3 **CONCLUSIONS OF LAW**

4 1. SRWC and SRUC are public service corporations within the meaning of Article XV of
5 the Arizona Constitution and A.R.S. §§40-281 and 40-282.

6 2. The Commission has jurisdiction over SRWC and SRUC and the subject matter of the
7 applications.

8 3. Notice of the applications was provided in accordance with law.

9 4. There is a public need and necessity for water and wastewater service in the proposed
10 service territory as set forth in Exhibits A and B attached hereto.

11 5. SRWC and SRUC are fit and proper entities to receive Certificates to provide water
12 and wastewater service in the proposed service area.

13 6. Staff's recommendations, as set forth herein, are reasonable and should be adopted.

14 **ORDER**

15 IT IS THEREFORE ORDERED that the applications of Santa Rosa Water Company and
16 Santa Rosa Utility Company for new Certificates of Convenience and Necessity to provide water and
17 wastewater service to the area in Pinal County, Arizona, as described in Exhibits A and B hereto, are
18 approved subject to the conditions and requirements recommended by Staff, as set forth above.

19 IT IS FURTHER ORDERED that Santa Rosa Water Company and Santa Rosa Utility
20 Company shall charge initial rates and charges for their respective systems in accordance with Staff's
21 recommendations, as set forth above in Finding of Fact Nos. 12 and 18.

22 IT IS FURTHER ORDERED that Santa Rosa Water Company and Santa Rosa Utility
23 Company shall comply with Staff's recommendations, as described above.

24 ...

25 ...

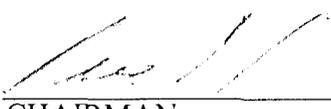
26 ...

27 ⁴ Staff concedes that both SRWC and SRUC have already provided the required franchise agreements and, therefore, the
28 conditions set forth above in Finding of Fact Nos. 13(g) and 21(i) may be eliminated from Staff's conditions for approval
(See Tr. 26).

1 IT IS FURTHER ORDERED that failure by Santa Rosa Water Company and Santa Rosa
2 Utility Company to comply with Staff's recommendations, within the specified time frames set forth
3 above, will render the Certificates null and void without further action of the Commission, unless the
4 Commission grants an extension of time for compliance with those requirements.

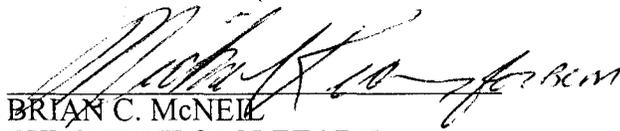
5 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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8   
9 CHAIRMAN COMMISSIONER COMMISSIONER

10  
11 COMMISSIONER COMMISSIONER

12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
13 Secretary of the Arizona Corporation Commission, have
14 hereunto set my hand and caused the official seal of the
15 Commission to be affixed at the Capitol, in the City of Phoenix,
16 this 20TH day of MARCH, 2003.

17 
18 BRIAN C. McNEIL
19 EXECUTIVE SECRETARY

20 DISSENT _____

21 DISSENT _____

22 DDN:dap

1 SERVICE LIST FOR: SANTA ROSA UTILITY COMPANY and SANTA
2 ROSA WATER COMPANY

3 DOCKET NO. SW-04136A-02-0691 and W-04137A-02-0692

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EXHIBIT A

LEGAL DESCRIPTIONRANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA WATER COMPANY

September 6, 2002

A parcel of land located in Sections 25, 26, 27, 34, 35, and 36, T5S, R3E, and Sections 2, 3, and 10, T6S, R3E, all based on the G&SRM, Pinal County, Arizona, more particularly described as follows:

PARCEL 1DELETED INTENTIONALLYPARCEL 2 (Portion of Section 26)

BEGINNING at the southeast corner of said Section 26;

THENCE along the South line of said Section 26, North 86 degrees 05 minutes 09 seconds West, 1,303.20 feet to the southwest corner of the East half of the southeast quarter of said Section;

THENCE along the West line of said East half North 01 degrees 04 minutes 07 seconds East, 2,899.62 feet to the northwest corner of said East half;

THENCE along the North line of said East half, North 89 degrees 55 minutes 50 seconds East, 1,325.50 feet to the northeast corner of said East half;

THENCE along the East line of said East half, South 01 degrees 31 minutes 18 seconds West, 2,990.73 feet to the POINT OF BEGINNING.

The above-described parcel contains 88.81 acres, more or less.

PARCEL 3 (Portion of Section 26)

BEGINNING at the southeast corner of the West half of the southwest quarter of said Section 26;

THENCE along the South line of said West half, North 86 degrees 05 minutes 09 seconds West, 1,303.20 feet to the southwest corner of said West half;

LEGAL DESCRIPTION

RANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA WATER COMPANY (Cont.)

September 6, 2002

THENCE along the West line of said West half, North 00 degrees 16 minutes 36 seconds East, 2,627.46 feet to the northwest corner of said West half;

THENCE along the North line of said West half, North 89 degrees 55 minutes 50 seconds East, 1,308.36 feet to the northeast corner of said West half;

THENCE along the East line of said West half, South 00 degrees 26 minutes 21 seconds West, 2,718.06 feet to the POINT OF BEGINNING;

The above-described parcel contains 80.04 acres, more or less.

PARCEL 4 (Portion of Section 27)

BEGINNING at the southeast corner of the southeast quarter of said Section 27;

THENCE along the South line of said southeast quarter, South 89 degrees 52 minutes 34 seconds West, 2,648.43 feet to the southwest corner of said southeast quarter;

THENCE along the West line of said southeast quarter, North 00 degrees 18 minutes 03 seconds East, 2,629.40 feet to the northwest corner of said southeast quarter;

THENCE along the North line of said southeast quarter, North 89 degrees 55 minutes 04 seconds East, 2,647.31 feet to the northeast corner of said southeast quarter;

THENCE along the East line of said southeast quarter, South 00 degrees 16 minutes 36 seconds West, 2,627.46 feet to the POINT OF BEGINNING;

The above-described parcel contains 159.77 acres, more or less.

PARCEL 5 (Portion of Section 27)

BEGINNING at the southeast corner of the southwest quarter of said Section 27;

LEGAL DESCRIPTIONRANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA WATER COMPANY (Cont.)

September 6, 2002

THENCE along the South line of said southwest quarter, South 89 degrees 52 minutes 34 seconds West, 2,520.58 feet to the beginning of a non-tangent curve concave westerly, having a radius 23,013.31 feet, a radial to said point bears South 88 degrees 53 minutes 21 seconds East;

THENCE leaving the South line of said southwest quarter, along said curve through a central angle of 00 degrees 47 minutes 03 seconds, an arc distance of 314.94 feet;

THENCE North 00 degrees 19 minutes 36 seconds East, 2,316.32 feet to the North line of said southwest quarter;

THENCE along the North line of said southwest quarter, North 89 degrees 55 minutes 04 seconds East, 2,517.42 feet to the northeast corner of said southwest quarter;

THENCE along the East line of said southwest quarter, South 00 degrees 18 minutes 03 seconds West, 2,629.40 feet to the POINT OF BEGINNING;

The above-described parcel contains 152.05 acres, more or less.

PARCEL 6 (Portion of Section 34)

BEGINNING at the northeast corner of the northeast quarter of said Section 34;

THENCE along the East line of said northeast quarter, South 02 degrees 00 minutes 29 seconds West, 3,074.86 feet to the southeast corner of said northeast quarter;

THENCE along the South line of said northeast quarter, South 89 degrees 52 minutes 51 seconds West, 2,645.83 feet to the southwest corner of said northeast quarter;

THENCE along the West line of said northeast quarter, North 01 degrees 57 minutes 35 seconds East, 3,074.55 feet to the northwest corner of said northeast quarter;

THENCE along the North line of said northeast quarter, North 89 degrees 52 minutes 34 seconds East, 2,648.43 feet to the POINT OF BEGINNING;

The above-described parcel contains 186.72 acres, more or less.

LEGAL DESCRIPTION

RANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA WATER COMPANY (Cont.)

September 6, 2002

PARCEL 7 (Portion of Section 34)

BEGINNING at the northeast corner of the southeast quarter of said Section 34;

THENCE along the East line of said southeast quarter, South 02 degrees 00 minutes 29 seconds West, 3,074.86 feet to the southeast corner of said southeast quarter;

THENCE along the South line of said southeast quarter, South 89 degrees 53 minutes 08 seconds West, 2,643.23 feet to the southwest corner of said southeast quarter;

THENCE along the West line of said southeast quarter, North 01 degrees 57 minutes 35 seconds East, 3,074.54 feet to the northwest corner of said southeast quarter;

THENCE along the North line of said southeast quarter, North 89 degrees 52 minutes 51 seconds East, 2,645.83 feet to the POINT OF BEGINNING;

The above-described parcel contains 186.54 acres, more or less.

PARCEL 8

DELETED INTENTIONALLY

PARCEL 9 (Portion of Section 34)

BEGINNING at the northeast corner of the northwest quarter of said Section 34;

THENCE along the East line of said northwest quarter, South 01 degrees 57 minutes 35 seconds West, 3,074.55 feet to the southeast corner of said northwest quarter;

THENCE along the South line of said northwest quarter, South 89 degrees 52 minutes 51 seconds West, 2,515.17 feet;

THENCE leaving said South line of said northwest quarter, North 01 degrees 53 minutes 09 seconds East, 2,752.56 feet to the beginning of a tangent curve, concave westerly having a radius 23,013.31 feet;

THENCE northerly along said curve through a central angle of 00 degrees 48 minutes 02 seconds, an arc distance of 321.57 feet to the North line of said northwest quarter;

LEGAL DESCRIPTIONRANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA WATER COMPANY (Cont.)

September 6, 2002

THENCE along the North line of said northwest quarter, North 89 degrees 52 minutes 34 seconds East, 2,520.58 feet to the POINT OF BEGINNING;

The above-described parcel contains 177.55 acres, more or less.

PARCEL 10 (Portion of Section 34)

BEGINNING at the northeast corner of the southwest quarter of said Section 34;

THENCE along the East line of said southwest quarter, South 01 degrees 57 minutes 35 seconds West, 3,074.54 feet to the southeast corner of said southwest quarter;

THENCE along the South line of said southwest quarter, South 89 degrees 53 minutes 08 seconds West, 2,643.23 feet to the southwest corner of said southwest quarter;

THENCE along the West line of said southwest quarter, North 01 degrees 54 minutes 41 seconds East, 735.42 feet;

THENCE leaving said North line, North 09 degrees 02 minutes 59 seconds East, 318.70 feet to the beginning of a tangent curve, concave westerly having a radius 11,554.16 feet;

THENCE northerly along said curve through a central angle of 07 degrees 09 minutes 37 seconds, an arc distance of 1,443.92 feet;

THENCE North 01 degrees 53 minutes 09 seconds East, 587.11 feet to the North line of said southwest quarter;

THENCE along the North line of said southwest quarter, North 89 degrees 52 minutes 51 seconds East, 2,515.17 feet to the POINT OF BEGINNING;

The above-described parcel contains 181.37 acres, more or less.

PARCEL 11 (Portion of Section 35)

BEGINNING at the northeast corner of the northwest quarter of said Section 35;

LEGAL DESCRIPTION

RANCHO SIERRA
 PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
 AND SANTA ROSA WATER COMPANY (Cont.)

September 6, 2002

THENCE along the East line of said northwest quarter, South 01 degrees 34 minutes 57 seconds West, 2,982.65 feet to the southeast corner of said northwest quarter;

THENCE along the South line of said northwest quarter, North 88 degrees 06 minutes 50 seconds West, 2,627.09 feet to the southwest corner of said northwest quarter;

THENCE along the West line of said northwest quarter, North 02 degrees 00 minutes 29 seconds East, 3,074.86 feet to the northwest corner of said northwest quarter;

THENCE along the North line of said northwest quarter, South 86 degrees 05 minutes 09 seconds East, 2,606.38 feet to the POINT OF BEGINNING;

The above-described parcel contains 181.88 acres, more or less.

PARCEL 12 (Portion of Section 35)

BEGINNING at the northeast corner of the southwest quarter of said Section 35;

THENCE along the East line of said southwest quarter, South 01 degrees 34 minutes 57 seconds West, 2,981.96 feet to the southeast corner of said southwest quarter;

THENCE along the South line of said southwest quarter, South 89 degrees 52 minutes 37 seconds West, 2,651.07 feet to the southwest corner of said southwest quarter;

THENCE along the West line of said southwest quarter, North 02 degrees 00 minutes 29 seconds East, 3,074.86 feet to the northwest corner of said southwest quarter;

THENCE along the North line of said southwest quarter, South 88 degrees 06 minutes 50 seconds East, 2,627.09 feet to the POINT OF BEGINNING;

The above-described parcel contains 183.42 acres, more or less.

PARCEL 13 (Portion of Section 35)

BEGINNING at the northeast corner of the northeast quarter of said Section 35;

THENCE along the East line of said northeast quarter, South 01 degrees 12 minutes 26 seconds West, 2,890.57 feet to the southeast corner of said northeast quarter;

LEGAL DESCRIPTIONRANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA WATER COMPANY (Cont.)

September 6, 2002

THENCE along the South line of said northeast quarter, North 88 degrees 06 minutes 50 seconds West, 2,623.22 feet to the southwest corner of said northeast quarter;

THENCE along the West line of said northeast quarter, North 01 degrees 34 minutes 57 seconds East, 2,982.65 feet to the northwest corner of said northeast quarter;

THENCE along the North line of said northeast quarter, South 86 degrees 05 minutes 09 seconds East, 2,606.40 feet to the POINT OF BEGINNING;

The above-described parcel contains 176.19 acres, more or less.

PARCEL 14

DELETED INTENTIONALLY

PARCEL 15 (Portion of Section 35)

BEGINNING at the northeast corner of the southeast quarter of said Section 35;

THENCE along the East line of said southeast quarter, South 01 degrees 12 minutes 26 seconds West, 2,890.56 feet to the southeast corner of said southeast quarter;

THENCE along the South line of said southeast quarter, South 89 degrees 54 minutes 04 seconds West, 2,643.25 feet to the southwest corner of said southeast quarter;

THENCE along the West line of said southeast quarter, North 01 degrees 34 minutes 57 seconds East, 2,981.96 feet to the northwest corner of said southeast quarter;

THENCE along the North line of said southeast quarter, South 88 degrees 06 minutes 50 seconds East, 2,623.22 feet to the POINT OF BEGINNING;

The above-described parcel contains 177.47 acres, more or less.

PARCEL 16 (Portion of Section 36)

BEGINNING at the northwest corner of the northeast quarter of said Section 36;

LEGAL DESCRIPTION

RANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA WATER COMPANY (Cont.)

September 6, 2002

THENCE along the North line of said northeast quarter, South 86 degrees 00 minutes 46 seconds East, 2,309.97 feet;

THENCE leaving said North line, South 00 degrees 16 minutes 33 seconds West, 563.06 feet;

THENCE North 86 degrees 00 minutes 46 seconds West, 2,314.73 feet to the West line of said northeast quarter;

THENCE along the West line of said northeast quarter, North 00 degrees 45 minutes 34 seconds East, 562.77 feet to the POINT OF BEGINNING.

The above-described parcel contains 29.83 acres, more or less.

PARCEL 17 (Portion of Section 36)

BEGINNING at the northeast corner of the northwest quarter of said Section 35;

THENCE along the East line of said northwest quarter, South 00 degrees 45 minutes 34 seconds West, 2,796.59 feet to the southeast corner of said northwest quarter;

THENCE along the South line of said northwest quarter, North 88 degrees 05 minutes 17 seconds West, 2,623.66 feet to the southwest corner of said northwest quarter;

THENCE along the West line of said northwest quarter, North 01 degrees 12 minutes 26 seconds East, 2,890.57 feet to the northwest corner of said northwest quarter;

THENCE along the North line of said northwest quarter, South 86 degrees 00 minutes 46 seconds East, 2,604.67 feet to the POINT OF BEGINNING;

The above-described parcel contains 170.52 acres, more or less.

PARCEL 18 (Portion of Section 36)

BEGINNING at the northeast corner of the southwest quarter of said Section 36;

THENCE along the East line of said southwest quarter, South 00 degrees 45 minutes 34 seconds West, 1,319.22 feet;

LEGAL DESCRIPTION

RANCHO SIERRA
 PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
 AND SANTA ROSA WATER COMPANY (Cont.)

September 6, 2002

THENCE leaving said East line, South 89 degrees 52 minutes 33 seconds West, 956.26 feet;

THENCE South 00 degrees 07 minutes 43 seconds East, 1,477.66 feet to the South line of said southwest quarter;

THENCE along the South line of said southwest quarter, South 89 degrees 52 minutes 51 seconds West, 1,712.68 feet to the southwest corner of said southwest quarter;

THENCE along the West line of said southwest quarter, North 01 degrees 12 minutes 26 seconds East, 2,890.56 feet to the northwest corner of said southwest quarter;

THENCE along the North line of said southwest quarter, South 88 degrees 05 minutes 17 seconds East, 2,623.66 feet to the POINT OF BEGINNING;

The above-described parcel contains 139.93 acres, more or less.

PARCEL 19

DELETED INTENTIONALLY

PARCEL 20 (Portion of Section 2)

BEGINNING at the northeast corner of the northwest quarter of said Section 2;

THENCE along the East line of said northwest quarter, South 00 degrees 00 minutes 58 seconds West, 3,514.32 feet to the southeast corner of said northwest quarter;

THENCE along the South line of said northwest quarter, North 89 degrees 56 minutes 19 seconds West, 2,648.48 feet to the southwest corner of said northwest quarter;

THENCE along the West line of said northwest quarter, North 00 degrees 02 minutes 43 seconds West, 3,505.93 feet to the northwest corner of said northwest quarter;

THENCE along the North line of said northwest quarter, North 89 degrees 52 minutes 51 seconds East, 2,652.24 feet to the POINT OF BEGINNING;

The above-described parcel contains 213.57 acres, more or less.

LEGAL DESCRIPTIONRANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA WATER COMPANY (Cont.)

September 6, 2002

PARCEL 21 (Portion of Section 2)

BEGINNING at the northwest corner of the southwest quarter of said Section 2;

THENCE along the North line of said southwest quarter, South 89 degrees 56 minutes 19 seconds East, 2,648.48 feet to the northeast corner of said southwest quarter;

THENCE along the North line of the southeast quarter of said Section 2, South 89 degrees 56 minutes 19 seconds East, 791.42 feet;

THENCE leaving said North line, South 00 degrees 20 minutes 56 seconds East, 2,444.53 feet;

THENCE South 89 degrees 43 minutes 58 seconds East, 1,838.91 feet to the East line of said southeast quarter;

THENCE along the East line of said southeast quarter, South 00 degrees 04 minutes 37 seconds West, 190.00 feet to the southeast corner of said southeast quarter;

THENCE along the South line of said southeast and southwest quarters, North 89 degrees 56 minutes 55 seconds West, 5,291.33 feet to the southwest corner of said southwest quarter;

THENCE along the West line of said southwest quarter, North 00 degrees 02 minutes 44 seconds West, 2,642.00 feet to the POINT OF BEGINNING;

The above-described parcel contains 217.20 acres, more or less.

PARCEL 22 (Portion of Section 2)

BEGINNING at the southwest corner of the northeast quarter of said Section 2;

THENCE along the West line of said northeast quarter, North 00 degrees 00 minutes 58 seconds East, 2,200.60 feet;

THENCE leaving said West line, North 89 degrees 52 minutes 51 seconds East, 1,566.25 feet;

THENCE South 00 degrees 04 minutes 37 seconds West, 2,205.54 feet to the South line of said northeast quarter;

LEGAL DESCRIPTION

RANCHO SIERRA
 PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
 AND SANTA ROSA WATER COMPANY (Cont.)

September 6, 2002

THENCE along the South line of said northeast quarter, North 89 degrees 56 minutes 19 seconds West, 1,563.91 feet to the POINT OF BEGINNING;

The above-described parcel contains 79.15 acres, more or less.

PARCEL 23 (Portion of Section 3)

BEGINNING at the northeast corner of the northeast quarter of said Section 3;

THENCE along the East line of said northeast quarter, South 00 degrees 02 minutes 43 seconds East, 3,505.93 feet to the southeast corner of said northeast quarter;

THENCE along the South line of said northeast quarter, North 89 degrees 51 minutes 59 seconds West, 2,639.85 feet to the southwest corner of said northeast quarter;

THENCE along the West line of said northeast quarter, North 00 degrees 03 minutes 58 seconds West, 3,495.36 feet to the northwest corner of said northeast quarter;

THENCE along the North line of said northeast quarter, North 89 degrees 54 minutes 15 seconds East, 2,641.10 feet to the POINT OF BEGINNING;

The above-described parcel contains 212.20 acres, more or less.

PARCEL 24 (Portion of Section 3)

BEGINNING at the northeast corner of the northwest quarter of said Section 3;

THENCE along the East line of said northwest quarter, South 00 degrees 03 minutes 58 seconds East, 3,495.36 feet to the southeast corner of said northwest quarter;

THENCE along the South line of said northwest quarter, North 89 degrees 51 minutes 59 seconds West, 2,639.32 feet to the southwest corner of said northwest quarter;

THENCE along the West line of said northwest quarter, North 00 degrees 05 minutes 45 seconds West, 3,483.45 feet to the northwest corner of said northwest quarter;

THENCE along the North line of said northwest quarter, North 89 degrees 52 minutes 25 seconds East, 2,641.12 feet to the POINT OF BEGINNING;

LEGAL DESCRIPTION

RANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA WATER COMPANY (Cont.)

September 6, 2002

The above-described parcel contains 211.50 acres, more or less.

PARCEL 25 (Portion of Section 3)

BEGINNING at the northeast corner of the southwest quarter of said Section 3;

THENCE along the East line of said southwest quarter, South 00 degrees 03 minutes 58 seconds East, 2,643.65 feet to the southeast corner of said southwest quarter;

THENCE along the South line of said southwest quarter, North 89 degrees 54 minutes 08 seconds West, 2,637.91 feet to the southwest corner of said southwest quarter;

THENCE along the West line of said southwest quarter, North 00 degrees 05 minutes 47 seconds West, 2,645.30 feet to the northwest corner of said southwest quarter;

THENCE along the North line of said southwest quarter, South 89 degrees 51 minutes 59 seconds East, 2,639.32 feet to the POINT OF BEGINNING;

The above-described parcel contains 160.19 acres, more or less.

PARCEL 26

DELETED INTENTIONALLY

PARCEL 27 (Portion of Section 3)

BEGINNING at the southeast corner of the southeast quarter of said Section 3;

THENCE along the South line of said southeast quarter, North 89 degrees 54 minutes 08 seconds West, 2,638.89 feet to the southwest corner of said southeast quarter;

THENCE along the West line of said southeast quarter, North 00 degrees 03 minutes 58 seconds West, 2,643.65 feet to the northwest corner of said southeast quarter;

LEGAL DESCRIPTION

RANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA WATER COMPANY (Cont.)

September 6, 2002

THENCE along the North line of said southeast quarter, South 89 degrees 51 minutes 59 seconds East, 2,639.85 feet to the northeast corner of said southeast quarter;

THENCE along the East line of said southeast quarter, South 00 degrees 02 minutes 44 seconds East, 2,642.00 feet to the POINT OF BEGINNING;

The above-described parcel contains 160.13 acres, more or less.

PARCEL 28 (Portion of Section 10)

BEGINNING at the northeast corner of said Section 10;

THENCE along the East line of the northeast quarter of said Section 10, South 00 degrees 02 minutes 04 seconds West, 2,642.01 feet to the East quarter corner of said Section 10;

THENCE along the East line of the southeast quarter of said Section 10, South 00 degrees 02 minutes 03 seconds West, 2,641.99 feet to the southeast corner of said Section 10;

THENCE along the South line of said Section 10, North 89 degrees 53 minutes 39 seconds West, 70.57 feet;

THENCE leaving said South line, North 00 degrees 03 minutes 23 seconds West, 2,607.37 feet;

THENCE North 47 degrees 02 minutes 36 seconds West, 29.58 feet;

THENCE North 00 degrees 07 minutes 47 seconds West, 14.52 feet to the North line of the southeast quarter of said Section 10;

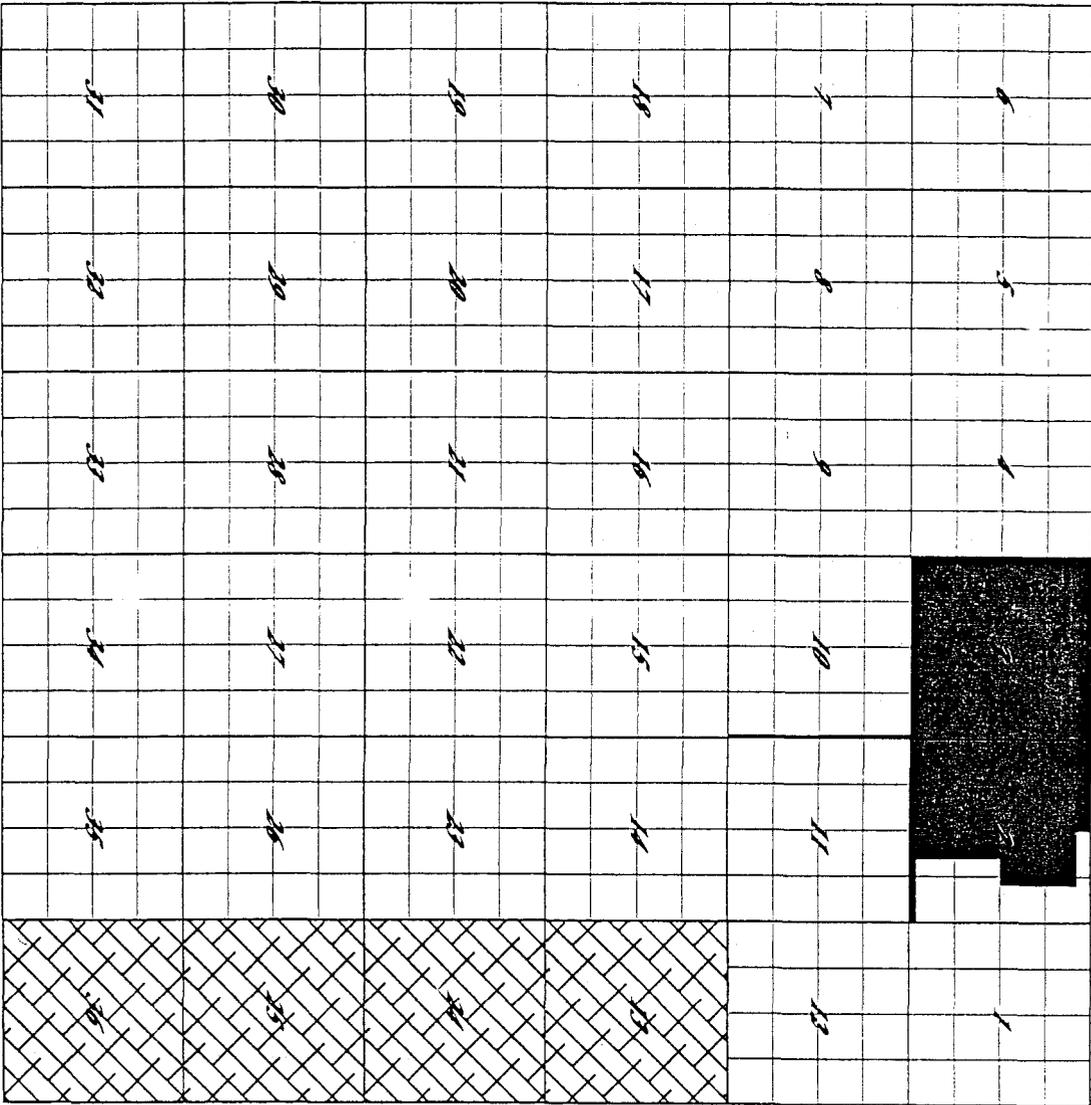
THENCE North 00 degrees 07 minutes 47 seconds West, 2,642.01 feet to the North line of said Section 10;

THENCE along the North line of said Section 10, South 89 degrees 54 minutes 08 seconds East, 103.96 feet to the POINT OF BEGINNING;

The above-described parcel contains 10.50 acres, more or less.

COUNTY: Pinal

RANGE 3 East



TOWNSHIP 6 South

Map No. 25

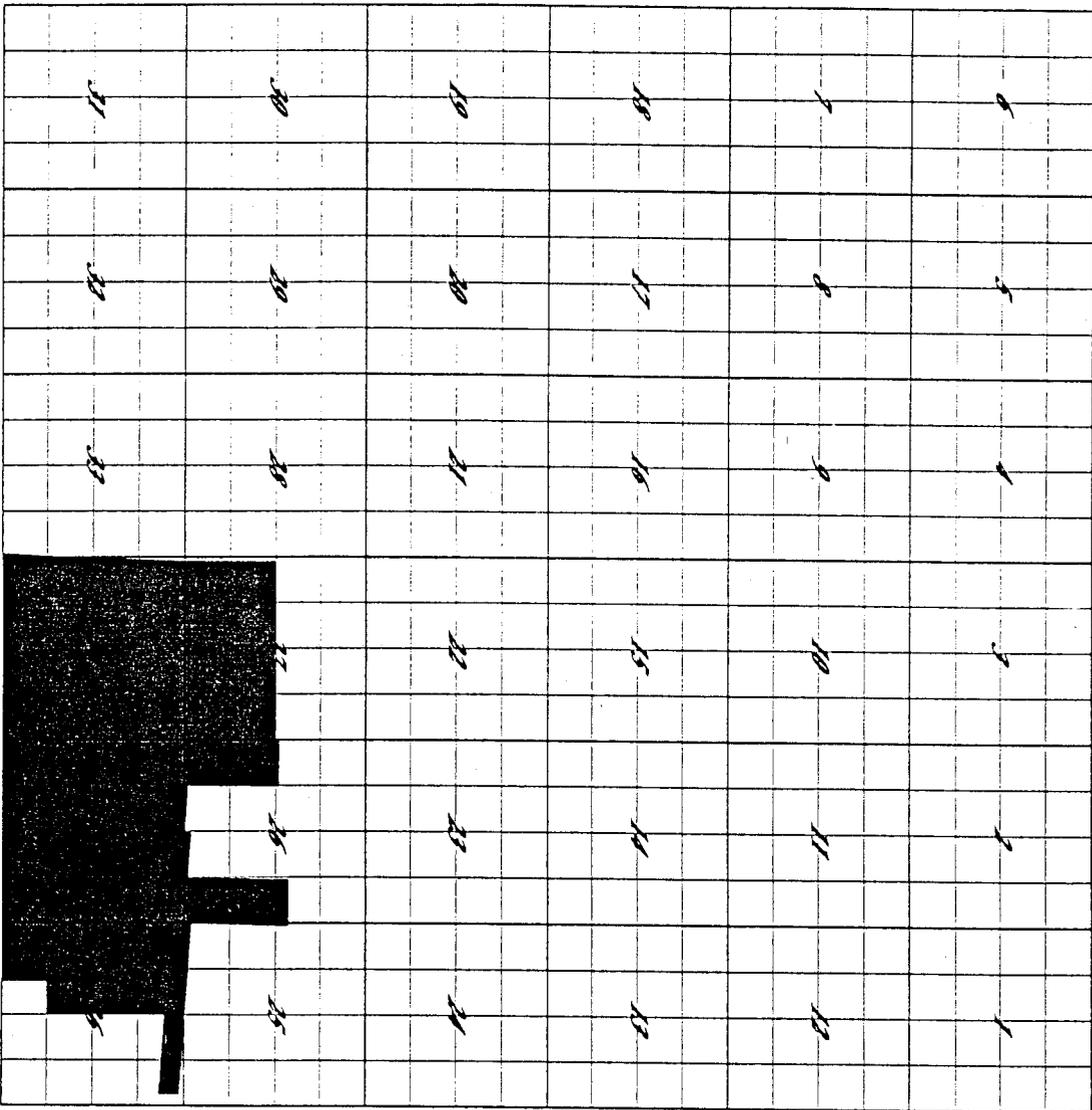
 W-1445 (30)(3)
 Arizona Water Company (Stanfield)

 Santa Rosa Water Company
 Docket No. W-4137-02-692
 Application for CC&N

DECISION NO. 65753

COUNTY: Pinal

RANGE 3 East



TOWNSHIP 5 South

 W-4137
 Santa Rosa Water Company
 Docket No. W-4137-02-692
 Application for CC&N

Map No. 49

DECISION NO. 65753

EXHIBIT B

LEGAL DESCRIPTIONRANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA UTILITY COMPANY

September 6, 2002

A parcel of land located in Sections 25, 26, 27, 34, 35, and 36, T5S, R3E, and Sections 2, 3, and 10, T6S, R3E, all based on the G&SRM, Pinal County, Arizona, more particularly described as follows:

PARCEL 1DELETED INTENTIONALLYPARCEL 2 (Portion of Section 26)

BEGINNING at the southeast corner of said Section 26;

THENCE along the South line of said Section 26, North 86 degrees 05 minutes 09 seconds West, 1,303.20 feet to the southwest corner of the East half of the southeast quarter of said Section;

THENCE along the West line of said East half North 01 degrees 04 minutes 07 seconds East, 2,899.62 feet to the northwest corner of said East half;

THENCE along the North line of said East half, North 89 degrees 55 minutes 50 seconds East, 1,325.50 feet to the northeast corner of said East half;

THENCE along the East line of said East half, South 01 degrees 31 minutes 18 seconds West, 2,990.73 feet to the POINT OF BEGINNING.

The above-described parcel contains 88.81 acres, more or less.

PARCEL 3 (Portion of Section 26)

BEGINNING at the southeast corner of the West half of the southwest quarter of said Section 26;

THENCE along the South line of said West half, North 86 degrees 05 minutes 09 seconds West, 1,303.20 feet to the southwest corner of said West half;

LEGAL DESCRIPTION

RANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA UTILITY COMPANY (Cont.)

September 6, 2002

THENCE along the West line of said West half, North 00 degrees 16 minutes 36 seconds East, 2,627.46 feet to the northwest corner of said West half;

THENCE along the North line of said West half, North 89 degrees 55 minutes 50 seconds East, 1,308.36 feet to the northeast corner of said West half;

THENCE along the East line of said West half, South 00 degrees 26 minutes 21 seconds West, 2,718.06 feet to the POINT OF BEGINNING;

The above-described parcel contains 80.04 acres, more or less.

PARCEL 4 (Portion of Section 27)

BEGINNING at the southeast corner of the southeast quarter of said Section 27;

THENCE along the South line of said southeast quarter, South 89 degrees 52 minutes 34 seconds West, 2,648.43 feet to the southwest corner of said southeast quarter;

THENCE along the West line of said southeast quarter, North 00 degrees 18 minutes 03 seconds East, 2,629.40 feet to the northwest corner of said southeast quarter;

THENCE along the North line of said southeast quarter, North 89 degrees 55 minutes 04 seconds East, 2,647.31 feet to the northeast corner of said southeast quarter;

THENCE along the East line of said southeast quarter, South 00 degrees 16 minutes 36 seconds West, 2,627.46 feet to the POINT OF BEGINNING;

The above-described parcel contains 159.77 acres, more or less.

PARCEL 5 (Portion of Section 27)

BEGINNING at the southeast corner of the southwest quarter of said Section 27;

LEGAL DESCRIPTION

RANCHO SIERRA
 PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
 AND SANTA ROSA UTILITY COMPANY (Cont.)

September 6, 2002

THENCE along the South line of said southwest quarter, South 89 degrees 52 minutes 34 seconds West, 2,520.58 feet to the beginning of a non-tangent curve concave westerly, having a radius 23,013.31 feet, a radial to said point bears South 88 degrees 53 minutes 21 seconds East;

THENCE leaving the South line of said southwest quarter, along said curve through a central angle of 00 degrees 47 minutes 03 seconds, an arc distance of 314.94 feet;

THENCE North 00 degrees 19 minutes 36 seconds East, 2,316.32 feet to the North line of said southwest quarter;

THENCE along the North line of said southwest quarter, North 89 degrees 55 minutes 04 seconds East, 2,517.42 feet to the northeast corner of said southwest quarter;

THENCE along the East line of said southwest quarter, South 00 degrees 18 minutes 03 seconds West, 2,629.40 feet to the POINT OF BEGINNING;

The above-described parcel contains 152.05 acres, more or less.

PARCEL 6 (Portion of Section 34)

BEGINNING at the northeast corner of the northeast quarter of said Section 34;

THENCE along the East line of said northeast quarter, South 02 degrees 00 minutes 29 seconds West, 3,074.86 feet to the southeast corner of said northeast quarter;

THENCE along the South line of said northeast quarter, South 89 degrees 52 minutes 51 seconds West, 2,645.83 feet to the southwest corner of said northeast quarter;

THENCE along the West line of said northeast quarter, North 01 degrees 57 minutes 35 seconds East, 3,074.55 feet to the northwest corner of said northeast quarter;

THENCE along the North line of said northeast quarter, North 89 degrees 52 minutes 34 seconds East, 2,648.43 feet to the POINT OF BEGINNING;

The above-described parcel contains 186.72 acres, more or less.

LEGAL DESCRIPTIONRANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA UTILITY COMPANY (Cont.)

September 6, 2002

PARCEL 7 (Portion of Section 34)

BEGINNING at the northeast corner of the southeast quarter of said Section 34;

THENCE along the East line of said southeast quarter, South 02 degrees 00 minutes 29 seconds West, 3,074.86 feet to the southeast corner of said southeast quarter;

THENCE along the South line of said southeast quarter, South 89 degrees 53 minutes 08 seconds West, 2,643.23 feet to the southwest corner of said southeast quarter;

THENCE along the West line of said southeast quarter, North 01 degrees 57 minutes 35 seconds East, 3,074.54 feet to the northwest corner of said southeast quarter;

THENCE along the North line of said southeast quarter, North 89 degrees 52 minutes 51 seconds East, 2,645.83 feet to the POINT OF BEGINNING;

The above-described parcel contains 186.54 acres, more or less.

PARCEL 8

DELETED INTENTIONALLY

PARCEL 9 (Portion of Section 34)

BEGINNING at the northeast corner of the northwest quarter of said Section 34;

THENCE along the East line of said northwest quarter, South 01 degrees 57 minutes 35 seconds West, 3,074.55 feet to the southeast corner of said northwest quarter;

THENCE along the South line of said northwest quarter, South 89 degrees 52 minutes 51 seconds West, 2,515.17 feet;

THENCE leaving said South line of said northwest quarter, North 01 degrees 53 minutes 09 seconds East, 2,752.56 feet to the beginning of a tangent curve, concave westerly having a radius 23,013.31 feet;

THENCE northerly along said curve through a central angle of 00 degrees 48 minutes 02 seconds, an arc distance of 321.57 feet to the North line of said northwest quarter;

LEGAL DESCRIPTION

RANCHO SIERRA
 PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
 AND SANTA ROSA UTILITY COMPANY (Cont.)

September 6, 2002

THENCE along the North line of said northwest quarter, North 89 degrees 52 minutes 34 seconds East, 2,520.58 feet to the POINT OF BEGINNING;

The above-described parcel contains 177.55 acres, more or less.

PARCEL 10 (Portion of Section 34)

BEGINNING at the northeast corner of the southwest quarter of said Section 34;

THENCE along the East line of said southwest quarter, South 01 degrees 57 minutes 35 seconds West, 3,074.54 feet to the southeast corner of said southwest quarter;

THENCE along the South line of said southwest quarter, South 89 degrees 53 minutes 08 seconds West, 2,643.23 feet to the southwest corner of said southwest quarter;

THENCE along the West line of said southwest quarter, North 01 degrees 54 minutes 41 seconds East, 735.42 feet;

THENCE leaving said North line, North 09 degrees 02 minutes 59 seconds East, 318.70 feet to the beginning of a tangent curve, concave westerly having a radius 11,554.16 feet;

THENCE northerly along said curve through a central angle of 07 degrees 09 minutes 37 seconds, an arc distance of 1,443.92 feet;

THENCE North 01 degrees 53 minutes 09 seconds East, 587.11 feet to the North line of said southwest quarter;

THENCE along the North line of said southwest quarter, North 89 degrees 52 minutes 51 seconds East, 2,515.17 feet to the POINT OF BEGINNING;

The above-described parcel contains 181.37 acres, more or less.

PARCEL 11 (Portion of Section 35)

BEGINNING at the northeast corner of the northwest quarter of said Section 35;

LEGAL DESCRIPTION

RANCHO SIERRA
 PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
 AND SANTA ROSA UTILITY COMPANY (Cont.)

September 6, 2002

THENCE along the East line of said northwest quarter, South 01 degrees 34 minutes 57 seconds West, 2,982.65 feet to the southeast corner of said northwest quarter;

THENCE along the South line of said northwest quarter, North 88 degrees 06 minutes 50 seconds West, 2,627.09 feet to the southwest corner of said northwest quarter;

THENCE along the West line of said northwest quarter, North 02 degrees 00 minutes 29 seconds East, 3,074.86 feet to the northwest corner of said northwest quarter;

THENCE along the North line of said northwest quarter, South 86 degrees 05 minutes 09 seconds East, 2,606.38 feet to the POINT OF BEGINNING;

The above-described parcel contains 181.88 acres, more or less.

PARCEL 12 (Portion of Section 35)

BEGINNING at the northeast corner of the southwest quarter of said Section 35;

THENCE along the East line of said southwest quarter, South 01 degrees 34 minutes 57 seconds West, 2,981.96 feet to the southeast corner of said southwest quarter;

THENCE along the South line of said southwest quarter, South 89 degrees 52 minutes 37 seconds West, 2,651.07 feet to the southwest corner of said southwest quarter;

THENCE along the West line of said southwest quarter, North 02 degrees 00 minutes 29 seconds East, 3,074.86 feet to the northwest corner of said southwest quarter;

THENCE along the North line of said southwest quarter, South 88 degrees 06 minutes 50 seconds East, 2,627.09 feet to the POINT OF BEGINNING;

The above-described parcel contains 183.42 acres, more or less.

PARCEL 13 (Portion of Section 35)

BEGINNING at the northeast corner of the northeast quarter of said Section 35;

THENCE along the East line of said northeast quarter, South 01 degrees 12 minutes 26 seconds West, 2,890.57 feet to the southeast corner of said northeast quarter;

LEGAL DESCRIPTIONRANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA UTILITY COMPANY (Cont.)

September 6, 2002

THENCE along the South line of said northeast quarter, North 88 degrees 06 minutes 50 seconds West, 2,623.22 feet to the southwest corner of said northeast quarter;

THENCE along the West line of said northeast quarter, North 01 degrees 34 minutes 57 seconds East, 2,982.65 feet to the northwest corner of said northeast quarter;

THENCE along the North line of said northeast quarter, South 86 degrees 05 minutes 09 seconds East, 2,606.40 feet to the POINT OF BEGINNING;

The above-described parcel contains 176.19 acres, more or less.

PARCEL 14

DELETED INTENTIONALLY

PARCEL 15 (Portion of Section 35)

BEGINNING at the northeast corner of the southeast quarter of said Section 35;

THENCE along the East line of said southeast quarter, South 01 degrees 12 minutes 26 seconds West, 2,890.56 feet to the southeast corner of said southeast quarter;

THENCE along the South line of said southeast quarter, South 89 degrees 54 minutes 04 seconds West, 2,643.25 feet to the southwest corner of said southeast quarter;

THENCE along the West line of said southeast quarter, North 01 degrees 34 minutes 57 seconds East, 2,981.96 feet to the northwest corner of said southeast quarter;

THENCE along the North line of said southeast quarter, South 88 degrees 06 minutes 50 seconds East, 2,623.22 feet to the POINT OF BEGINNING;

The above-described parcel contains 177.47 acres, more or less.

PARCEL 16 (Portion of Section 36)

BEGINNING at the northwest corner of the northeast quarter of said Section 36;

LEGAL DESCRIPTIONRANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA UTILITY COMPANY (Cont.)

September 6, 2002

THENCE along the North line of said northeast quarter, South 86 degrees 00 minutes 46 seconds East, 2,309.97 feet;

THENCE leaving said North line, South 00 degrees 16 minutes 33 seconds West, 563.06 feet;

THENCE North 86 degrees 00 minutes 46 seconds West, 2,314.73 feet to the West line of said northeast quarter;

THENCE along the West line of said northeast quarter, North 00 degrees 45 minutes 34 seconds East, 562.77 feet to the POINT OF BEGINNING.

The above-described parcel contains 29.83 acres, more or less.

PARCEL 17 (Portion of Section 36)

BEGINNING at the northeast corner of the northwest quarter of said Section 35;

THENCE along the East line of said northwest quarter, South 00 degrees 45 minutes 34 seconds West, 2,796.59 feet to the southeast corner of said northwest quarter;

THENCE along the South line of said northwest quarter, North 88 degrees 05 minutes 17 seconds West, 2,623.66 feet to the southwest corner of said northwest quarter;

THENCE along the West line of said northwest quarter, North 01 degrees 12 minutes 26 seconds East, 2,890.57 feet to the northwest corner of said northwest quarter;

THENCE along the North line of said northwest quarter, South 86 degrees 00 minutes 46 seconds East, 2,604.67 feet to the POINT OF BEGINNING;

The above-described parcel contains 170.52 acres, more or less.

PARCEL 18 (Portion of Section 36)

BEGINNING at the northeast corner of the southwest quarter of said Section 36;

THENCE along the East line of said southwest quarter, South 00 degrees 45 minutes 34 seconds West, 1,319.22 feet;

LEGAL DESCRIPTION

RANCHO SIERRA
 PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
 AND SANTA ROSA UTILITY COMPANY (Cont.)

September 6, 2002

THENCE leaving said East line, South 89 degrees 52 minutes 33 seconds West, 956.26 feet;

THENCE South 00 degrees 07 minutes 43 seconds East, 1,477.66 feet to the South line of said southwest quarter;

THENCE along the South line of said southwest quarter, South 89 degrees 52 minutes 51 seconds West, 1,712.68 feet to the southwest corner of said southwest quarter;

THENCE along the West line of said southwest quarter, North 01 degrees 12 minutes 26 seconds East, 2,890.56 feet to the northwest corner of said southwest quarter;

THENCE along the North line of said southwest quarter, South 88 degrees 05 minutes 17 seconds East, 2,623.66 feet to the POINT OF BEGINNING;

The above-described parcel contains 139.93 acres, more or less.

PARCEL 19

DELETED INTENTIONALLY

PARCEL 20 (Portion of Section 2)

BEGINNING at the northeast corner of the northwest quarter of said Section 2;

THENCE along the East line of said northwest quarter, South 00 degrees 00 minutes 58 seconds West, 3,514.32 feet to the southeast corner of said northwest quarter;

THENCE along the South line of said northwest quarter, North 89 degrees 56 minutes 19 seconds West, 2,648.48 feet to the southwest corner of said northwest quarter;

THENCE along the West line of said northwest quarter, North 00 degrees 02 minutes 43 seconds West, 3,505.93 feet to the northwest corner of said northwest quarter;

THENCE along the North line of said northwest quarter, North 89 degrees 52 minutes 51 seconds East, 2,652.24 feet to the POINT OF BEGINNING;

The above-described parcel contains 213.57 acres, more or less.

LEGAL DESCRIPTION

RANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA UTILITY COMPANY (Cont.)

September 6, 2002

PARCEL 21 (Portion of Section 2)

BEGINNING at the northwest corner of the southwest quarter of said Section 2;

THENCE along the North line of said southwest quarter, South 89 degrees 56 minutes 19 seconds East, 2,648.48 feet to the northeast corner of said southwest quarter;

THENCE along the North line of the southeast quarter of said Section 2, South 89 degrees 56 minutes 19 seconds East, 791.42 feet;

THENCE leaving said North line, South 00 degrees 20 minutes 56 seconds East, 2,444.53 feet;

THENCE South 89 degrees 43 minutes 58 seconds East, 1,838.91 feet to the East line of said southeast quarter;

THENCE along the East line of said southeast quarter, South 00 degrees 04 minutes 37 seconds West, 190.00 feet to the southeast corner of said southeast quarter;

THENCE along the South line of said southeast and southwest quarters, North 89 degrees 56 minutes 55 seconds West, 5,291.33 feet to the southwest corner of said southwest quarter;

THENCE along the West line of said southwest quarter, North 00 degrees 02 minutes 44 seconds West, 2,642.00 feet to the POINT OF BEGINNING;

The above-described parcel contains 217.20 acres, more or less.

PARCEL 22 (Portion of Section 2)

BEGINNING at the southwest corner of the northeast quarter of said Section 2;

THENCE along the West line of said northeast quarter, North 00 degrees 00 minutes 58 seconds East, 2,200.60 feet;

THENCE leaving said West line, North 89 degrees 52 minutes 51 seconds East, 1,566.25 feet;

THENCE South 00 degrees 04 minutes 37 seconds West, 2205.54 feet to the South line of said northeast quarter;

LEGAL DESCRIPTION

RANCHO SIERRA
 PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
 AND SANTA ROSA UTILITY COMPANY (Cont.)

September 6, 2002

THENCE along the South line of said northeast quarter, North 89 degrees 56 minutes 19 seconds West, 1,563.91 feet to the POINT OF BEGINNING;

The above-described parcel contains 79.15 acres, more or less.

PARCEL 23 (Portion of Section 3)

BEGINNING at the northeast corner of the northeast quarter of said Section 3;

THENCE along the East line of said northeast quarter, South 00 degrees 02 minutes 43 seconds East, 3,505.93 feet to the southeast corner of said northeast quarter;

THENCE along the South line of said northeast quarter, North 89 degrees 51 minutes 59 seconds West, 2,639.85 feet to the southwest corner of said northeast quarter;

THENCE along the West line of said northeast quarter, North 00 degrees 03 minutes 58 seconds West, 3,495.36 feet to the northwest corner of said northeast quarter;

THENCE along the North line of said northeast quarter, North 89 degrees 54 minutes 15 seconds East, 2,641.10 feet to the POINT OF BEGINNING;

The above-described parcel contains 212.20 acres, more or less.

PARCEL 24 (Portion of Section 3)

BEGINNING at the northeast corner of the northwest quarter of said Section 3;

THENCE along the East line of said northwest quarter, South 00 degrees 03 minutes 58 seconds East, 3,495.36 feet to the southeast corner of said northwest quarter;

THENCE along the South line of said northwest quarter, North 89 degrees 51 minutes 59 seconds West, 2,639.32 feet to the southwest corner of said northwest quarter;

THENCE along the West line of said northwest quarter, North 00 degrees 05 minutes 45 seconds West, 3,483.45 feet to the northwest corner of said northwest quarter;

THENCE along the North line of said northwest quarter, North 89 degrees 52 minutes 25 seconds East, 2,641.12 feet to the POINT OF BEGINNING;

LEGAL DESCRIPTIONRANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA UTILITY COMPANY (Cont.)

September 6, 2002

The above-described parcel contains 211.50 acres, more or less.

PARCEL 25 (Portion of Section 3)

BEGINNING at the northeast corner of the southwest quarter of said Section 3;

THENCE along the East line of said southwest quarter, South 00 degrees 03 minutes 58 seconds East, 2,643.65 feet to the southeast corner of said southwest quarter;

THENCE along the South line of said southwest quarter, North 89 degrees 54 minutes 08 seconds West, 2,637.91 feet to the southwest corner of said southwest quarter;

THENCE along the West line of said southwest quarter, North 00 degrees 05 minutes 47 seconds West, 2,645.30 feet to the northwest corner of said southwest quarter;

THENCE along the North line of said southwest quarter, South 89 degrees 51 minutes 59 seconds East, 2,639.32 feet to the POINT OF BEGINNING;

The above-described parcel contains 160.19 acres, more or less.

PARCEL 26

DELETED INTENTIONALLY

PARCEL 27 (Portion of Section 3)

BEGINNING at the southeast corner of the southeast quarter of said Section 3;

THENCE along the South line of said southeast quarter, North 89 degrees 54 minutes 08 seconds West, 2,638.89 feet to the southwest corner of said southeast quarter;

THENCE along the West line of said southeast quarter, North 00 degrees 03 minutes 58 seconds West, 2,643.65 feet to the northwest corner of said southeast quarter;

LEGAL DESCRIPTION

RANCHO SIERRA
 PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
 AND SANTA ROSA UTILITY COMPANY (Cont.)

September 6, 2002

THENCE along the North line of said southeast quarter, South 89 degrees 51 minutes 59 seconds East, 2,639.85 feet to the northeast corner of said southeast quarter;

THENCE along the East line of said southeast quarter, South 00 degrees 02 minutes 44 seconds East, 2,642.00 feet to the POINT OF BEGINNING;

The above-described parcel contains 160.13 acres, more or less.

PARCEL 28 (Portion of Section 10)

BEGINNING at the northeast corner of said Section 10;

THENCE along the East line of the northeast quarter of said Section 10, South 00 degrees 02 minutes 04 seconds West, 2,642.01 feet to the East quarter corner of said Section 10;

THENCE along the East line of the southeast quarter of said Section 10, South 00 degrees 02 minutes 03 seconds West, 2,641.99 feet to the southeast corner of said Section 10;

THENCE along the South line of said Section 10, North 89 degrees 53 minutes 39 seconds West, 70.57 feet;

THENCE leaving said South line, North 00 degrees 03 minutes 23 seconds West, 2,607.37 feet;

THENCE North 47 degrees 02 minutes 36 seconds West, 29.58 feet;

THENCE North 00 degrees 07 minutes 47 seconds West, 14.52 feet to the North line of the southeast quarter of said Section 10;

THENCE North 00 degrees 07 minutes 47 seconds West, 2,642.01 feet to the North line of said Section 10;

THENCE along the North line of said Section 10, South 89 degrees 54 minutes 08 seconds East, 103.96 feet to the POINT OF BEGINNING;

The above-described parcel contains 10.50 acres, more or less.

LEGAL DESCRIPTION

RANCHO SIERRA
PROVIDED FOR THE USE OF THE ARIZONA CORPORATION COMMISSION
AND SANTA ROSA UTILITY COMPANY (Cont.)

September 6, 2002

Note: The above metes and bounds descriptions, are being provided for the use of Santa Rosa Utility Company and the Arizona Corporation Commission, and are not intended to supercede the legal description by which the property was conveyed.

This description is based on Title Commitment No 201-1419988 dated July 24, 2002 by First American Title Insurance Company and ALTA/ACSM LAND TITLE SURVEY, RED RIVER PARCELS, BY Huitt-Zollars, Inc., dated 5/3/02.

Kenneth A. Marks

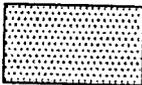


REGISTERED LAND SURVEYOR
CERTIFICATE NO. 35869
KENNETH A. MARKS
Date Signed 9-6-02
ARIZONA, U.S.A.



LEGEND

SERVICE AREA



SANTA ROSA UTILITY CO.
SEWER FRANCHISE AREA

DECISION NO. 65753

